ANNUAL REPORT 2015

SAQ

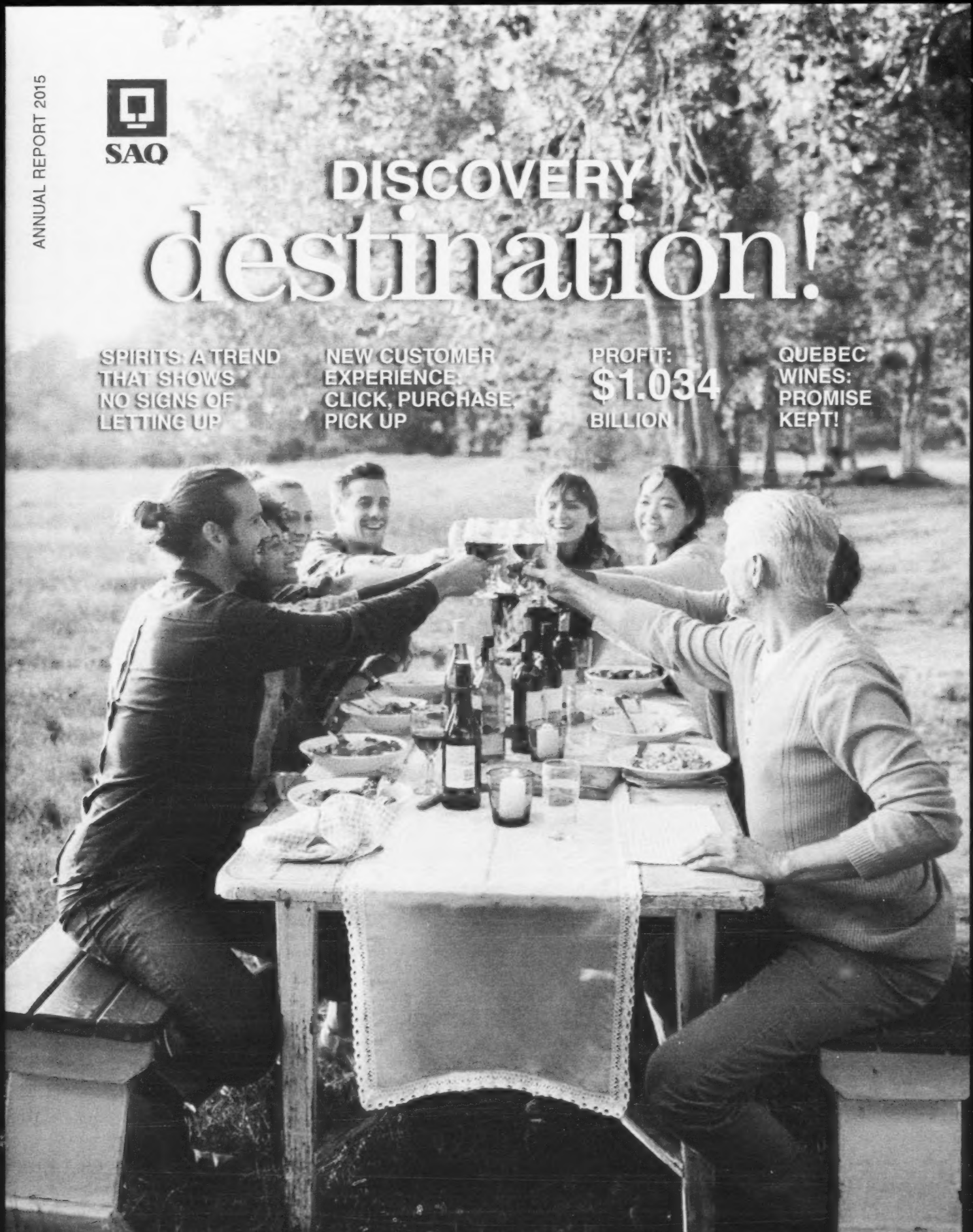
DISCOVERY destination!

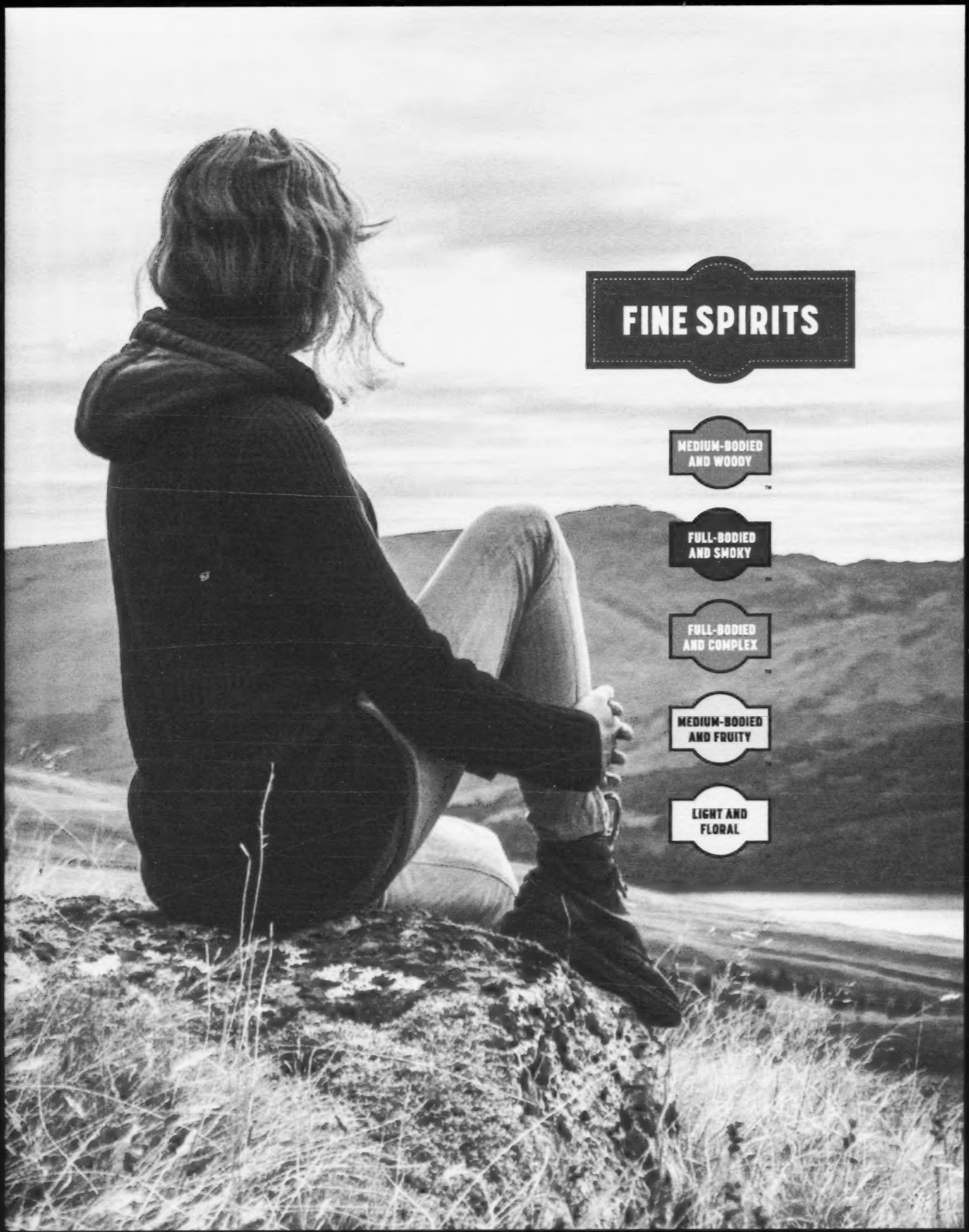
SPIRITS: A TREND THAT SHOWS NO SIGNS OF LETTING UP

NEW CUSTOMER EXPERIENCE: CLICK, PURCHASE, PICK UP

PROFIT: $1.034 BILLION

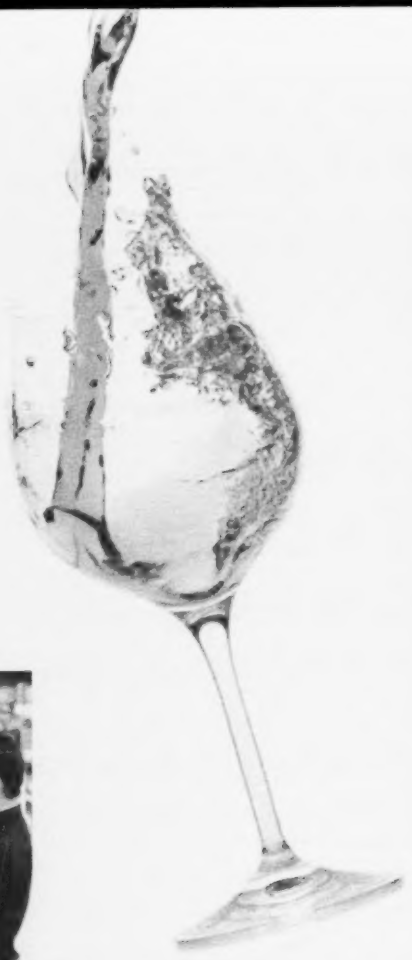
QUEBEC WINES: PROMISE KEPT!




FINE SPIRITS
MEDIUM-BODIED AND WOODY
FULL-BODIED AND SMOKY
FULL-BODIED AND COMPLEX
MEDIUM-BODIED AND FRUITY
LIGHT AND FLORAL

SAQ

Content



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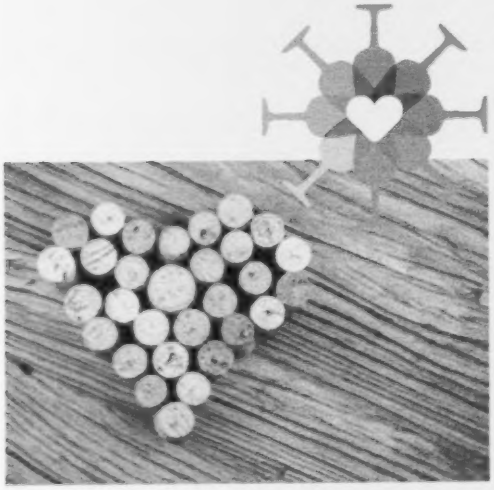


The English-language version of the SAQ 2015 Annual Report does not include the Governance section and parts of the Finance section. For the complete report, please refer to the French-language version.

Highlights

2015

Fiscal years ended the last Saturday in March
(in millions of dollars and in millions of litres for volume sales)

	2015	2014	Change %
Financial results			
Sales	**3,006.3**	2,934.9	2.4
Gross margin	**1,600.3**	1,554.5	2.9
Net expenses[1]	**566.6**	551.5	2.7
Profit	**1,033.7**	1,003.0	3.1
Comprehensive income	**1,032.7**	1,002.0	3.1
Financial position			
Total assets	**708.0**	733.8	(3.5)
Property, plant and equipment and intangible assets	**246.5**	259.8	(5.1)
Net working capital	**(169.5)**	(186.9)	9.3
Long-term liabilities	**36.1**	31.3	15.3
Shareholder's equity	**41.4**	42.3	(2.1)
Sales by network			
Stores and specialized centres	**2,683.8**	2,621.9	2.4
Wholesale grocers	**322.5**	313.0	3.0
Total	**3,006.3**	2,934.9	2.4
Net sales by product category			
Wines	**2,264.3**	2,213.6	2.3
	160.2 L	156.5 L	2.4
Spirits	**664.3**	639.0	4.0
	22.1 L	21.8 L	1.4
Imported and microbrewery beers, ciders and coolers[2]	**77.7**	82.3	(5.6)
	10.4 L	11.1 L	(6.3)
Total	**3,006.3**	2,934.9	2.4
	192.7 L	189.4 L	1.7
Additional financial data			
Government revenue[3]	**2,028.4**	1,955.9	3.7

1. Net expenses consist of selling, marketing, distribution and administrative expenses, from which advertising, promotional and miscellaneous revenues are deducted. They also include financial expenses net of financial income and the share in profit or loss of equity-accounted interests.
2. Also known as RTDs (ready-to-drinks), FABs (flavoured alcoholic beverages) and alcopops.
3. Includes the declared dividend, sales taxes, the specific tax on alcoholic beverages, excise taxes and customs duties.

Message from the
Chairman of the Board

If the SAQ has succeeded in building its reputation as a genuine discovery destination, it is due to the commitment and enthusiasm of its thousands of employees.

For them, wines and spirits from Quebec and elsewhere hold no secrets. What's more, they provide customers with an incomparable experience rich in discovery every day. There were many such experiences during the last fiscal year, marked as it was by solid growth, which is all the more important when you realize that the SAQ's profits help ensure Quebecers have access to services that benefit the entire community.

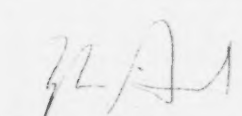
Over the last 12 months, the Board of Directors and its various committees have dedicated themselves to providing good governance of the company's business, in particular by adopting a new code of ethics for the SAQ's suppliers and by following up on projects currently under way.

I am especially proud of the Origin Québec initiative, which allowed us to spotlight the know-how of local producers, who offer quality beverages to Quebecers. Origine Québec products are now more visible and available at the SAQ than ever before. Other initiatives in this area are also being developed.

Fiscal 2014-2015 also saw us reach a significant milestone: completing the final actions related to the 2013-2015 Strategic Plan and drafting the 2016-2018 Strategic Plan, which the Board of Directors adopted last March. Inspired by the new vision of being *Branché sur le monde* (connected to the world), the plan sets out three strategic orientations that will evolve the SAQ customer experience across all the company's various sales channels. At the same time, the company has undertaken to maintain its performance through sound management and to continue moving forward with its sustainable development efforts.

The new strategic plan will enable the SAQ to prepare for tomorrow. Customer behaviour patterns are changing rapidly and, if the company is to keep pace with this evolving market, it must stay in motion and constantly adapt. To build its relationship with its customers, who are more connected than ever, tomorrow's SAQ will be even closer to people through all its contact points. It will be available everywhere and at all times to discuss and provide information on the pleasures of the table and its many products.

In closing, I want to offer my thanks to all the members of the Board for their excellent work, to the members of the Management Committee and to all employees, who so tirelessly devote themselves to making the SAQ an exceptional discovery destination.



Sylvain Simard
Chairman of the Board of Directors

SAQ
inspire

Message from the
President and Chief Executive Officer

This year, once again, the SAQ strove to offer Quebecers the best products, an advisory service consistent with its enviable reputation and a shopping experience without peer in the global beverage alcohol business.

All this effort bore fruit since, in fiscal 2014-2015, the company performed well and, for the third year running remitted more than $1 billion to the Quebec treasury. During the year, sales grew 2.4% to more than $3 billion, while net expenses expressed as a percentage of sales were 18.8%.

A discovery destination

Last year, we expressed our commitment to Quebec wines in no uncertain terms. This promise was kept and Origine Québec sections have now been created in 180 stores. Sales of local wines increased 76%, while those for the overall category were up nearly 19%. It goes without saying that the SAQ is now a discovery destination for Quebec products, whose sales will continue to grow as the company makes them better known.

We had anticipated a resurgence in customers' interest in spirits and the results obtained in the wake of our promotional campaigns proved that Quebec is indeed a unique market. Spirits sales rose 4% in Quebec even as the trend was in the opposite direction in the rest of Canada. In other words, the company succeeded in introducing Quebecers to—or reacquainting them with—the pleasures of tasting fine spirits and preparing a wide variety of tasty cocktails.

In recent months, we have offered Quebecers another new shopping experience, namely the option of having their SAQ.com orders delivered to nearby stores for pick up. Our employees now cheerfully hand over orders to customers who make use of the new Click, Purchase, Pick Up service. At the same time, the employees can take advantage of the opportunity to suggest other products likely to please the customers concerned and top off their purchase. That, too, is part of being a discovery destination.

A new strategic plan connected to the world

Quebecers' tastes and shopping patterns are changing at a breathtaking pace. The SAQ is adapting to this new reality with its 2016-2018 Strategic Plan. Now more than ever, the company must meet customers' expectations.

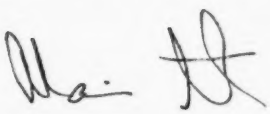
Accomplishing this requires a new vision: *Branché sur le monde*, which translates as connected to the world. In this instance, the world is more than 70 countries from which the SAQ buys products. It is an industry present on five continents. But, above all else, it is people: employees, customers and partners. Being connected means being aware of the needs and interests of all these people. It means being willing to meet them, to get to know them, to listen to them and to understand them. It is a connection that makes it possible to be in contact with them at the right time and right place.

Three strategic orientations will guide our actions as we implement the new strategic plan. First, we will provide an integrated customer experience across all our sales channels not only by continuing to rely on the store network but also by taking even better advantage of digital and mobile platforms. Second, we intend to maintain our strong performance through sound management, in particular by fostering employee innovation and continuing to review our processes. Lastly, we will maintain our commitment to sustainable development in order to support initiatives for opening new markets for recovered glass.

An inspiring SAQ

Fiscal 2015-2016 will be a year of firsts because, beginning in the fall, Quebecers will be encouraged to discover wines and spirits in a new way through SAQ Inspire, an entirely new approach that is the logical extension of our ongoing efforts to improve customer service. As a result, the SAQ will be able to offer a new shopping experience that is even more personalized and focused on pleasure and discovery.

In concluding, I want to thank my colleagues on the Management Committee and all the enthusiastic employees who do so much to ensure that the SAQ is now and always connected to its customers and their tastes.



Alain Brunet
President and Chief Executive Officer

Management Committee

Alain Brunet
President and
Chief Executive Officer

Catherine Dagenais
Vice-President,
Retail Strategy and Customer Experience

Madeleine Gagnon
Vice-President,
Human Resources

Richard Genest
Vice-President and
Chief Financial Officer

Nathalie Hamel
Vice-President,
Public Affairs and Communications

Suzanne Paquin
Secretary General and Vice-President,
Legal Affairs

Francine Tessier
Interim Vice-President,
Information Technology

Jean-François Thériault
Vice-President,
Supply Chain

Daniel Trottier
Vice-President,
Sales Network Operations

Vacant position
Vice-President,
Marketing and Merchandising

The Review of Activities is organized according to the orientations of the 2013-2015 Strategic Plan.

■ The Société des alcools du Québec (SAQ) is more than a network of stores. It is a destination. A destination where discovering wine, spirits and other products goes hand in hand with the sharing of knowledge and an understanding of terroir, climate and grape varieties. ■ It is a place where products are appreciated not only for their aromas, textures and bodies but also for what they represent. Whether it is the ancient or recent history of the estate that makes the product, the unique wine-making procedures, the international reputation of its producer or, more simply, the emotions associated with celebrating a happy moment, discovery remains key. ■ Being a discovery destination was once exclusive to SAQ stores but now includes all the company's platforms. Yet be it on SAQ.com, social media and mobile apps or in the stores, the brand remains the same. And the SAQ brand is the promise of quality products, enthusiastic advice and an exceptional experience. ■

Offer products and services aligned with customers' needs

FINAL YEAR OF IMPLEMENTATION OF THE 2013-2015 STRATEGIC PLAN

To constantly improve its service offer and maintain its sound management practices, the SAQ continued evaluating its activities and tracking its processes using the indicators established in its 2013-2015 Strategic Plan. In the last fiscal year, it largely achieved the objectives it had set for itself, in particular increasing the value of store customers' shopping cart, which now averages $47.63. Overall sales grew 2.4%.

To check that customers appreciate the services it provides, the SAQ carries out a twice-yearly survey. In last fall's survey, the most recent, 92% of the some 76,850 customers questioned declared themselves satisfied with their in-store experience. What's more, the score climbed to 96% when they rated the support provided by sales floor personnel.

SOMETHING FOR EVERYONE

These high customer satisfaction levels are surely not unrelated to the efforts made by the SAQ to carry an ever-broader range of beverage alcohol products in its stores. This year, more than 12,500 wines, beers, spirits and other products from a total of 71 countries were offered in stores and on SAQ.com. Products from Belize, Colombia, Madagascar, Mauritius and Norway were made available for the first time.

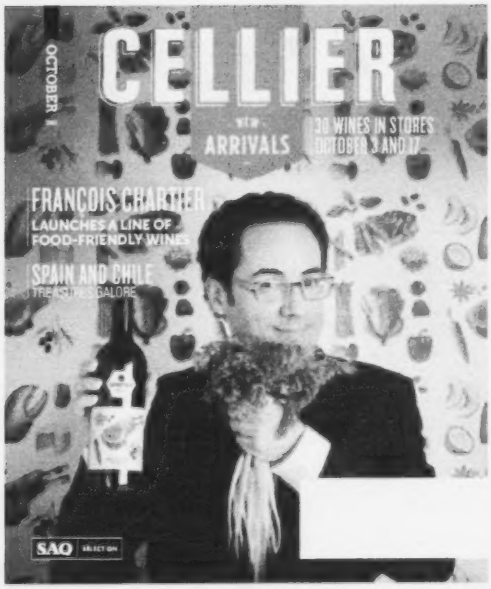
In fiscal 2014-2015, the SAQ refreshed more than 10% of its offer. Nearly 90 regular products, 700 specialty products and 650 Signature products were introduced in its sales networks during the fiscal year just ended. To offer such a broad range of beverage alcohol products, the SAQ dealt with 3,100 suppliers and analyzed tens of thousands of samples in its laboratory to ensure they met its quality standards.

3,100

92%

12,750

3


CELLIER
ARRIVALS
FRANÇOIS CHARTIER
LAUNCHES A LINE OF
FOOD-FRIENDLY WINES
SPAIN AND CHILE
SAQ

THE QUEBEC BEVERAGE ALCOHOL INDUSTRY IS BOOMING

Last year, the SAQ made a commitment to Quebec winemakers to redouble its efforts to support and promote the Quebec wine industry. It has since taken several steps to that end and paved the way to encouraging discovery of Quebec artisanal products. Specifically, it:

- gradually increased the number of Quebec certified wines in all its stores, nearly 45% of which now offer a diverse range;
- increased the selection of Quebec wines and spirits in its 31 stores located near the province's five wine routes;
- made Quebec certified wines more visible in 180 of its stores by setting aside a special space for them that customers can easily spot. This feature will be added to another 80 stores in fiscal 2015-2016;
- provided every Quebec wine with a Taste Tag;
- made customers aware of the recognitions and medals obtained by Quebec wines and spirits in national and international competitions;
- provided training on Quebec certified wines to more than 70% of its store-based employees. Nearly 400 employees also attended lecture-tastings on how to better promote Quebec certified wines.

In addition, in all its publications the SAQ is setting aside a highly visible space for local products, which will be grouped together under the Origine Québec[1] banner. It is also integrating local products into its promotional calendar with "Save 10% on Origine Québec products" weekends to mark Quebec's national holiday and in the weeks before Christmas. As is its custom, the SAQ also supports events appreciated by Quebecers and dedicated exclusively to promoting local products, most notably the Fête des vendanges Magog-Orford, the Fête des vins du Québec and the Mondial des cidres de glace.

These actions bore fruit, as sales of Quebec artisanal products rose 19.1% in a single year to reach $20.6 million. Wine sales alone saw a spectacular 76% increase. Quebec wines now generate sales in excess of $8 million.

The production of spirits by Quebec microdistilleries has not been ignored. Consumers have enthusiastically welcomed the introduction of several products in this niche market, such as Ungava Canadian Premium Gin, Piger Henricus gin, PUR Vodka and Quartz vodka. Sales of Quebec spirits jumped nearly 19% in a single year to reach $22 million.

SPIRITS ARE ON THE RISE

To respond to customers' growing interest in spirits, the SAQ has significantly upgraded both its offer of products and its presentation of them. It has adapted its sales floors to consumers' needs by dividing spirits into two distinct zones: Fine Spirits and Cocktails. Adding innovative products to its catalogue, introducing pictograms to designate turnkey cocktails, developing Taste Tags for fine spirits and holding cocktail demonstrations in stores also undoubtedly helped to pique Quebecers' curiosity. Not surprisingly, the category experienced a 4% increase in overall sales, while sales of specialty spirits alone rose 20%.

1. The Origine Québec category comprises all products made in Quebec, including wines, ciders, berry and maple products, honey wine and spirits. However, as spirits are made under an industrial licence, they are not considered artisanal products.

TASTE TAGS AT CONVENIENCE STORES

Whatever their needs and preferences, wherever they do their shopping, consumers should always be able to make an enlightened choice. That is why the some 330 convenience stores in the Couche-Tard chain have begun using the SAQ's Taste Tags. Customers of this sales network complementary to the SAQ's store network now have access to a range of wines that are different from those sold in SAQ stores but that come with the same kind of useful information.

ENTICING OFFERS

Quebecers enjoy discovering—and taking the time to taste—new products. They are attracted to novelty and exclusivity and are on the lookout for opportunities that offer the best value for their money. This year, they flocked to stores and visited SAQ.com to take advantage of promotions. The most successful of these was the 15% discount on the purchase of six bottles offered in May of 2014. The busiest day of the year was Wednesday, December 31, 2014, with more than 535,670 transactions being recorded.

For the first time ever, the SAQ offered its customers a new summer promotion called "Winning the World." During the four days of the promotion, customers were invited to scratch a "mystery card" at the checkout counter for a chance to win a multitude of instant prizes, including bottles of wine, SAQ gift cards and trips to Europe. During the promotion period, 10,700 more transactions took place than during the corresponding period of the preceding year.

"The great collection of value picks" promotion also proved popular with consumers. Ninety products costing $13 or less were featured between January 8 and 25, 2015. Advertised after the holiday period, it was the right promotion at the right time. No fewer than 161,000 cases of wine found takers. Blind tastings and vox pop surveys carried out in stores also demonstrated the quality of these wines.

To meet the demand for "value pick" bottles of agable wines, the SAQ offered *Le Courrier vinicole* subscribers a diverse range of more affordable quality products. Also, the issue devoted to the art of broadening and deepening one's cellar garnered no small amount of praise. It featured wines with a certain aging potential and included a guide on how to stock a cellar and store wines in it.

SOCIAL MEDIA: A WINDOW ON DISCOVERY

Ever more present in everyday life, social media are a means of communication much appreciated by Quebecers. As a result, the SAQ treated its some 376,000 Facebook fans, 5,000 Twitter followers, 2,900 Pinterest subscribers and 4,100 Instagram adherents to enticing contests, exclusive offers and discovery invitations. Contests whose prizes included a gourmet dinner with Ricardo, a cellar filled with Les Jamelles wines, a dream weekend for 10 people and an intimate concert with Vincent Vallières were especially popular with the Facebook community.

71% INCREASE IN TRANSACTIONS ON SAQ.COM

In the last fiscal year, the SAQ saw its number of online transactions grow by more than 71%. Pre-sales of limited edition products, such as the much anticipated Fifty Shades of Grey and Ménage à Trois Midnight wines, and exclusive promotions, such as Black Friday, undoubtedly contributed to Quebecers' embrace of online shopping. Tellingly, the number of visits to the SAQ.com website grew by 20 million or 24% last year. For its part, the company's mobile app was downloaded nearly 980,700 times.

SAQ.COM
AROMATIC AND SUPPLE
FRUITY AND VIBRANT
FRUITY AND MEDIUM-BODIED
AROMATIC AND ROBUST
FRUITY AND SWEET
VALUE PICKS
YOU COULD WIN THE SAQ WORLD

CLICK, PURCHASE, PICK UP: A NEW AND MUCH APPRECIATED SERVICE

As online shopping is now part of the consumer habits of thousands of Quebecers, the SAQ wanted to make the process even easier by offering buyers the possibility of picking up their purchases at any of 229 selected stores. Launched on March 8, 2015, the service was an instant hit. In just over two weeks, the company delivered nearly 800 orders to stores for its customers.

A COMPANY ADMIRED FOR WHAT IT IS AND WHAT IT DOES

Last year, the SAQ won two awards in the Grafika competition, which recognizes the top achievements in graphic design in Quebec. The two projects so honoured were the Origine Québec logo (print – logotype project category) and the Spain and Portugal issue of *Le Courrier vinicole* (grand prize – commercial publication).

In addition, the 2015 ranking of the most admired companies carried out by *Les Affaires* newspaper in collaboration with the Léger polling firm placed the SAQ in 67th place. It was also one of the five companies that rose the most in the ranking.

Along similar lines, four communications experts prepared a list of Quebec's strongest and most appreciated brands in which the SAQ made a good showing. Published in *La Presse Affaires*, the ranking was based on five criteria: consumers' loyalty to the brand; public affection for the brand; the brand's relevance; how the brand communicates with and serves customers; and how the brand innovates. The article noted (here translated) that the "government corporation has behaved like a brand for several years now and has capitalized on Quebecers' growing interest in wine. . . . [it] has succeeded in making itself well liked. There was a determination to create a brand, a destination and an experience recognized by customers."

The SAQ's customer service also stood out. According to a survey conducted by the L'Observateur marketing research firm in collaboration with *Les Affaires* and published in October 2014, the SAQ is one of three organizations that are 360° customer service champions in every category, with a score of 100%. The companies' customer service score was based on four customer contact points: telephone, Internet, social media and place of business.

64,000 ANSWERS GIVEN

In fiscal 2014-2015, the SAQ's Customer Relations Centre handled more than 64,000 information requests and comments, nearly 60% of which were received by telephone. The subjects that generated the most calls and email messages were transactions on SAQ.com, questions about various products sold and the SAQ's policies and guidelines.

Improve productivity and performance

FINANCIAL RESULTS

The mission of the Société des alcools du Québec is to buy and sell beverage alcohol. The company makes every effort to serve the public well by offering a broad range of quality products. It is with transparency, efficiency and openness that it strives to meet and even exceed the expectations of its shareholder and customers. Day in, day out, it endeavours to improve its performance and implement the best management practices in order to play a full and responsible role by contributing to Quebec's revenues. At the end of its 2014-2015 fiscal year, it reported sales of more than $3 billion, an increase of $71 million or 2.4% from the preceding year. Its net earnings totalled $1.034 billion, a 3.1% increase, which will be transferred as a dividend to the Quebec government. Adding in the amounts collected as sales taxes and the specific tax, the SAQ will remit to the Quebec treasury an amount on the order of $1.630 billion. For its part, the government of Canada will receive $398.2 million. Ultimately, it was the more than 58.2 million transactions and sales of 192.7 million litres of beverage alcohol products by some 5,755 store employees that enabled the SAQ to reach its financial objectives.

Operating expenses as a percentage of sales were 18.8% in fiscal 2014-2015, while net earnings as a percentage of sales were 34.4%. Sales per square foot increased 1.9% over the preceding fiscal year to reach $1,397 dollars.

841 POINTS OF SALE

Because proximity is one of the things most appreciated by its customers, the SAQ invested some $5.1 million in its stores in fiscal 2014-2015. It is with the ambition to have the right offer in the right place at the right time that the company studies consumers' shopping patterns and evaluates the various markets in which it is currently located as well as ones that it hopes to enter in the future. In the last year, the company opened two new stores, remodelled 11 others and merged two more. In addition, five new agency stores were created. As a result, the sales network now comprises a total of 402 SAQ stores and 439 agency stores.

A SAFE WORK ENVIRONMENT

As its employees are its key success factor, the SAQ is determined to provide them with a safe work environment. Throughout the fiscal year, various actions were taken in the store network and in the warehouses. Coaching on load handling, training on occupational health and safety issues, ergonomic improvements in the warehouses and a hazardous energy control program were among the SAQ's accomplishments in this area.

APPRECIATING WORK, EFFORT AND TALENT

As a company that appreciates work, effort and talent, the SAQ held is annual recognition activity, Millésime, during which it acknowledged 67 employees and four teams for their outstanding achievements and remarkable contribution to the attainment of its business objectives.

ORIGINE
QUÉBEC

ORIGINE
QUÉBEC

EVERYBODY WINS WHEN EMPLOYEES ARE WELL TRAINED

Committed to providing its customers with the best possible advisory service, the SAQ provides its employees with access to stimulating training aimed at continuously upgrading their skills and knowledge. In fiscal 2014-2015, more than 3,600 employees took a virtual training course on North American wines while 2,000 completed another on South American wines. Some 700 wine advisors attended workshops on French wines and 800 took part in ones devoted to Spanish and Portuguese wines.

To support sales of Origine Québec products, two training events were offered to wine advisors. The events allowed them to learn more about Quebec wines and how to pair them with Quebec cheeses. Five lecture-tastings were also held for cashier-sales clerks, which had them meeting local producers of wines, ciders, meads and berry products. An online bulletin about the Origine Québec category was also distributed to 3,800 employees.

Weekly mentoring activities let store employees to benefit from structured continuous training. Led by an accredited wine advisor, these team workshops gave the employees the opportunity to discover, taste and discuss new products before suggesting them to customers. Another training program introduced 1,000 store employees to the new Click, Purchase, Pick Up service; they are now able to provide efficient support to these customers and extend their in-store experience.

A new training approach—using virtual classrooms—was also tested in fiscal 2014-2015. At remote locations and in real time, 110 SAQ managers were able to attend sessions on sound inventory management practices, which will lead to increased productivity and less load handling by employees.

Last year, as part of the SAQ's Destination Leadership program, 230 managers completed a development process aimed at encouraging proximity leadership. In addition, all management personnel had continuous access to supplementary training tailored to them and based on the company's needs.

With this program, the SAQ enables its managers to stay on top of industry developments and implement practices that favour employees' involvement in its projects. Inspiring leadership enables the SAQ to maintain high standards in customer relations and provide sound management.

BECAUSE SUCCESS ALSO REQUIRES COMMUNICATION

To favour two-way communication between office, store and warehouse employees and to increase collaboration among colleagues, the SAQ implemented an internal social network called Yammer SAQ. The idea behind this system is for all employees, including part-time and temporary store employees, to be aware of company-related developments at all times. Yammer SAQ lets employees learn about company and industry news, ask questions and receive answers, make suggestions, submit comments, describe bright ideas and connect with interest groups in order to share their expertise for the benefit of all. With this network, all SAQ employees across Quebec can now gather in a single virtual location.

Optimize the supply chain

The work that leads up to the selling of beverage alcohol in the SAQ store network can best be described as complex and delicate. To position itself as a discovery destination, the company must procure products from every corner of the globe, receive them efficiently and distribute more than 20.8 million cases across its network. Considerable effort is expended at all times to make the supply chain more efficient and flexible and to improve its performance.

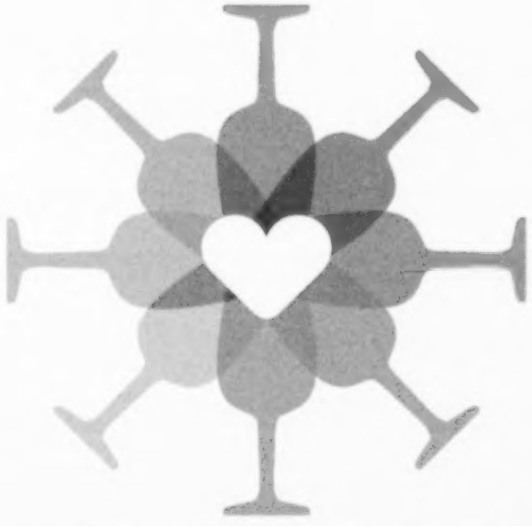
In fiscal 2014-2015, all of the supply chain-related targets set out in the SAQ's Strategic Plan were reached. The procurement success rate for new needs was 100% and two new operational models were successfully implemented.

The continuous improvement of its facilities and processes enabled the company to optimize its overall performance, including its operational execution times. This concern for sound management resulted in a 3.58% improvement in its cases-per-hour performance, which in turn helped limit the cost-per-case increase to only 0.52%.

During the 2014-2015 fiscal year, the SAQ improved inventory turnover in its distribution centres by 6.7% and it did so while providing better service to its various customers segments. Receiving goods on pallets instead of having to handle them manually significantly influenced this result. Specifically, the percentage of palletized cases climbed to more than 80% in fiscal 2014-2015, a 7% increase from the preceding fiscal year. This facilitated unloading operations and contributed to the improvement in inventory turnover in addition to favouring the health and safety of employees, who now handle fewer cases manually. The SAQ's success in this area has much to do with the special relationships that the company has developed with its partners around the world.

Social Responsibility Report

The SAQ wants to be at the centre of its community. The presence of its stores helps to ensure this is the case, of course, but so does its involvement in community life and its contribution to the embetterment of Quebec society. Whether through its Donation and Sponsorship Program or the funding it provides to Éduc'alcool, the SAQ makes every effort to be a good corporate citizen.



As a result, in the fiscal year just ended, the SAQ invested the equivalent of nearly $7.5 million in 491 organizations, including 74 events and festivals, through its Donation and Sponsorship Program.

FOOD ASSISTANCE

Since 2010, the SAQ has made food assistance its corporate cause. In mobilizing to support it, the company hopes to help ensure that thousands of Quebecers have enough quality food to eat every day. Fiscal 2014-2015 brought the fourth edition of the Generous Wines campaign for the benefit of Food Banks of Quebec (FBQ). For each bottle of white wine sold during the campaign, the SAQ donated a dollar to the FBQ and its 18 Moisson members. This year, customers were also encouraged to make an additional donation at the checkout counter. That initiative, combined with the in-store fundraising campaign, amassed more than $583,000 for the cause.

In another initiative to contribute to food assistance, the SAQ joined forces with The Chef Table, giving the organization $100,000 to support the Semaine des écoles hôtelières du Québec. As part of this event, 800 students from 14 hotel schools prepared more than 100,000 meals that were distributed to needy families through the Food Banks of Quebec network.

ENTRAIDE

In fiscal 2014-2015, SAQ personnel demonstrated great generosity during the Entraide fundraising campaign. The company presented the organization with slightly more than $279,600, which had been donated equally by employees and the employer. The funds raised supported the missions of three major philanthropic organizations—Centraide of Quebec, Healthpartners Quebec and the Quebec Division of the Canadian Red Cross—that work with hundreds of thousands of people dealing with difficult situations.

A RESPONSIBLE COMPANY

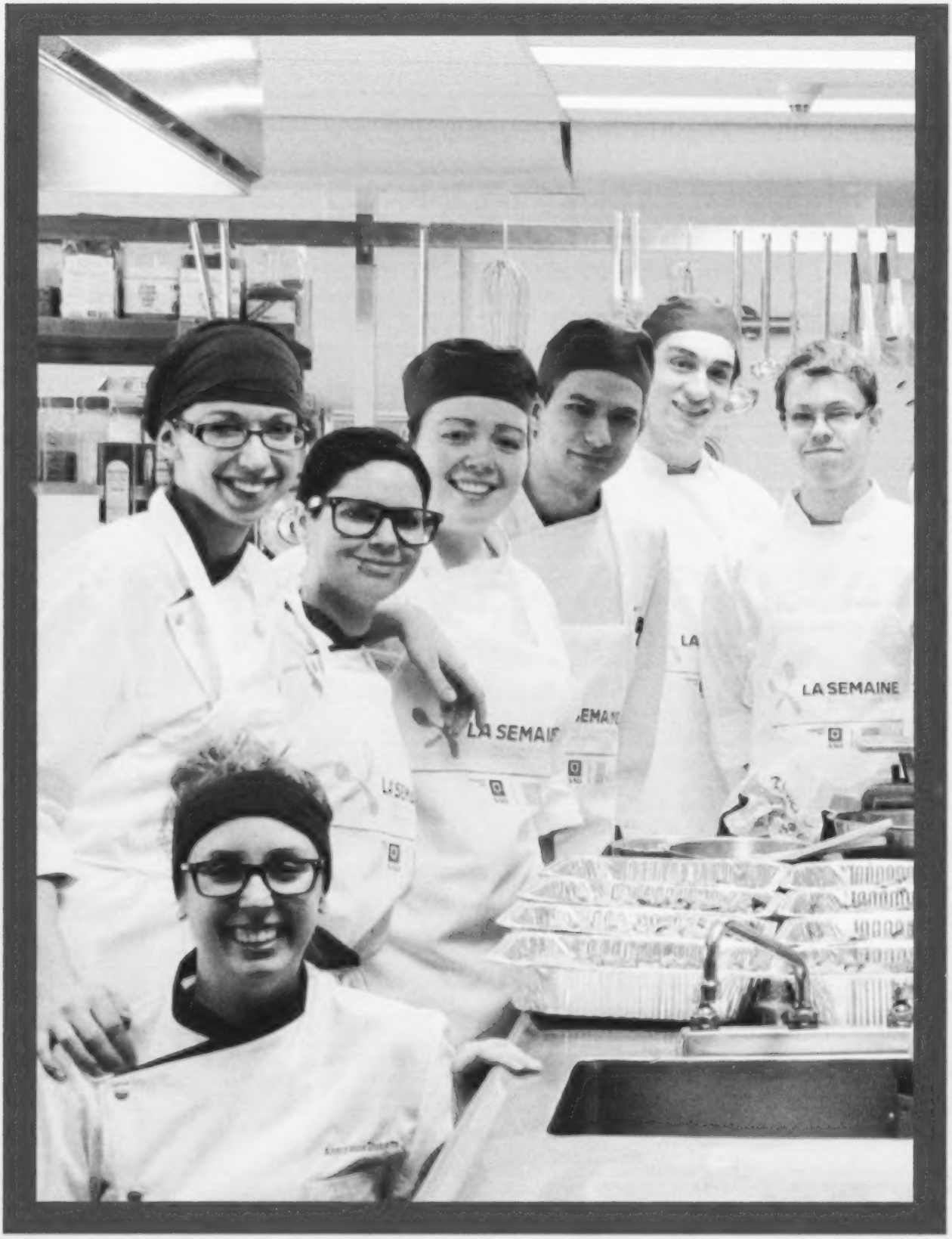
At the SAQ, refusing to sell beverage alcohol to minors, the obviously inebriated or anyone acting on their behalf is an integral part of each employee's job and duties. To help employees put its rigorous sales ethic into practice, the company creates tools and conducts communication campaigns. Last year, it aired a commercial during prom season and underscored the message with a campaign on SAQ.com. Awareness activities were also featured on SAQ.com during the holiday period and organized for store employees to remind them of the various ways to apply the sales ethic.

Visual aids were set up during in-store tastings to encourage young adults to present their IDs before asking to taste the featured products.

In addition, visits by underage mystery customers continued in all Quebec stores. Reminders of proper practices were distributed to teams that failed the mystery customer test. Fortunately, they were few in number: out of the 800 mystery visits made throughout the SAQ store network, the mystery customer was prevented from buying alcohol 93.7% of the time.

BECAUSE MODERATION IS ALWAYS IN GOOD TASTE

For a quarter of a century now, the SAQ has helped promote responsible consumption by being part of Éduc'alcool. In fiscal 2014-2015, it collected and remitted nearly $3.2 million to the organization, which develops and implements prevention, education and information programs to help young people and adults make informed decisions about alcohol consumption.


LA SEMAINE

SUSTAINABLE DEVELOPMENT IN ALL ITS FORMS

In all the major projects that it undertakes, in all the calls for tenders that it publishes and in all the acquisitions that it makes, the SAQ places sustainable development practices at the forefront of its concerns. It should not come as a surprise, then, that the company makes progress in this area from one year to the next.

In fiscal 2014-2015, always seeking ways to minimize its impact on the environment and to give a second useful life to the glass from the bottles that it sells, the SAQ signed a three-year agreement with the École de technologie supérieure (ÉTS) to support a research project for incorporating mixed glass from collective selection into roadbed structures and bituminous coverings. Besides reducing the amount of asphalt used, this technology will help lower greenhouse gas (GHG) emissions, improve aspects of roadbed behaviour and add value to recovered glass.

Similarly, the SAQ once again extended its agreement with the Chaire SAQ de valorisation du verre dans les matériaux at the Université de Sherbrooke, which continues its research into the use of glass to replace part of the cement used to manufacture concrete. In January 2015, Hydro-Québec, the biggest consumer of concrete in Quebec, tested the use of glass powder in one of its many access shafts used as a jointing chamber for electric circuits.

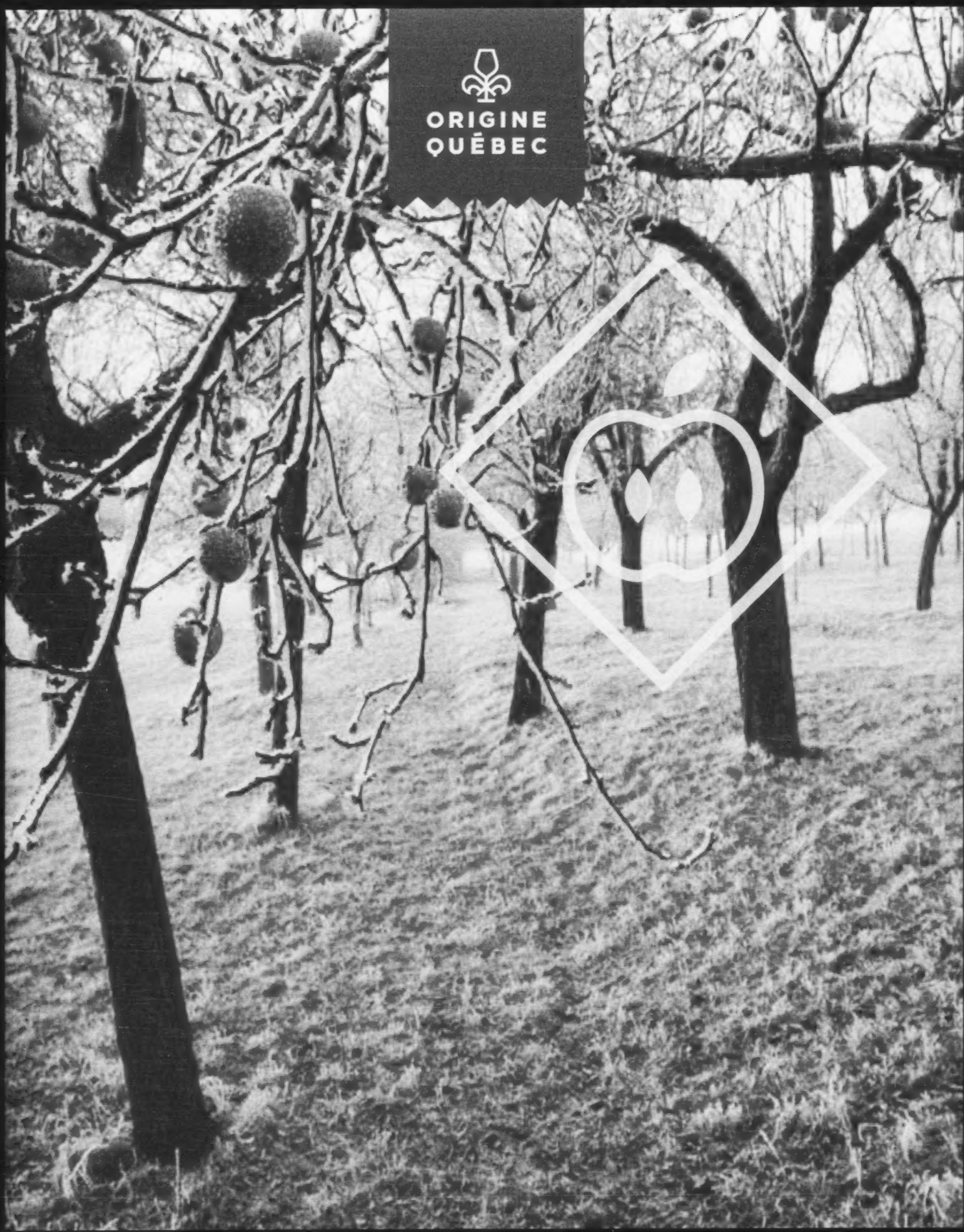
Besides supporting projects that add value to recovered glass, the SAQ is constantly seeking to make its stores more eco-responsible. In the last fiscal year, it obtained LEED certification for seven of its stores: two gold, one silver and four certified.

The supply and distribution activities at its many points of sale are crucial for the SAQ, which is, after all, a retailer. Energy efficiency and fuel savings are therefore important issues for it. This year, as part of its ongoing efforts to do more with less, the SAQ acquired 10 new 53-foot trailers whose high payload capacity will enable the company to reduce the number of deliveries. In addition, during the last fiscal year, the SAQ's truck fleet received SmartWay certification. Launched by the United States Environmental Protection Agency and administered in Canada by Natural Resources Canada's Office of Energy Efficiency, this certification recognizes the company's thoroughness and constant efforts to improve the fuel consumption of its vehicles.

In the summer of 2014, aware that sustainable development also has social and economic facets, the SAQ made available to the charitable organization Les Pousses urbaines a vacant lot located across from its Montreal distribution centre. The some 200 kilograms of fruits and vegetables that were harvested were put to good use by the Cuisine collective Hochelaga-Maisonneuve food assistance cooperative.

The harvest was so abundant that Les Pousses urbaines shared the surplus with the Petit marché de l'Est, a community market in Rosemont.

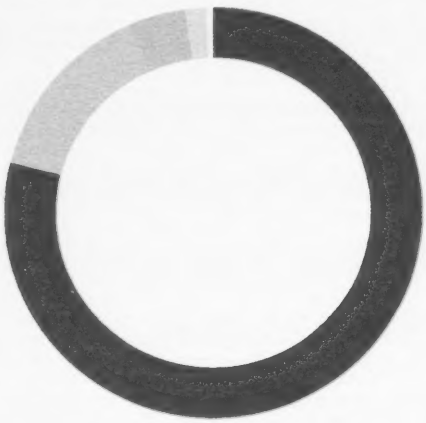
Lastly, to better manage residual materials in its administrative centres, the SAQ added to the recycling bin already located at each of its workstations a container intended for the collection of compostables.


ORIGINE
QUÉBEC

Trends 2015

Litre Sales by Product Category
(stores and specialized centres)

Wine	Spirits	Coolers	Beer	Cider
79.4%	**14.5%**	**4.1%**	**1.7%**	**0.3%**
79.0% in 2014	14.5% in 2014	4.5% in 2014	1.7% in 2014	0.3% in 2014



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QUEBECERS ARE TRUE TO THEMSELVES

The growing popularity of cocktails and Quebecers' rising interest in fine spirits might lead one to think that wine sales would decline in favour of spirits. In fact, the opposite is true. Quebecers have remained true to their habits and wine retains its preferred place on their table—so much so that, in fiscal 2014-2015, 79.4% of the litres of beverage alcohol sold by the SAQ in its stores and specialized centres were wine.

Although the SAQ sold an additional 340,000-plus litres of spirits in fiscal 2014-2015, the category's share of volume sales remained exactly the same as in the preceding year: 14.5%. During the most recent fiscal year, coolers accounted for 4.1% of volume sales while beer and cider held steady at 1.7% and 0.3% respectively.

SLOWLY BUT SURELY, WHITE WINE IS GAINING GROUND

Aligoté, Chardonnay, Riesling, Sauvignon Blanc, Muscat and other white grape varieties are increasingly popular with Quebecers. This year, once again, SAQ customers increased their consumption of white wine. While red wine remains the favourite, white wine, appreciated for its freshness and lightness, now claims a 28% share of the market, compared with 23.7% a mere five years ago.

Litre Sales of Still Wines by Colour
(stores and specialized centres)

	2015	2014
Red	**67.5%**	68.6%
White	**28.0%**	26.9%
Rosé	**4.5%**	4.5%

QUEBECERS LIKE FRUITY WINES

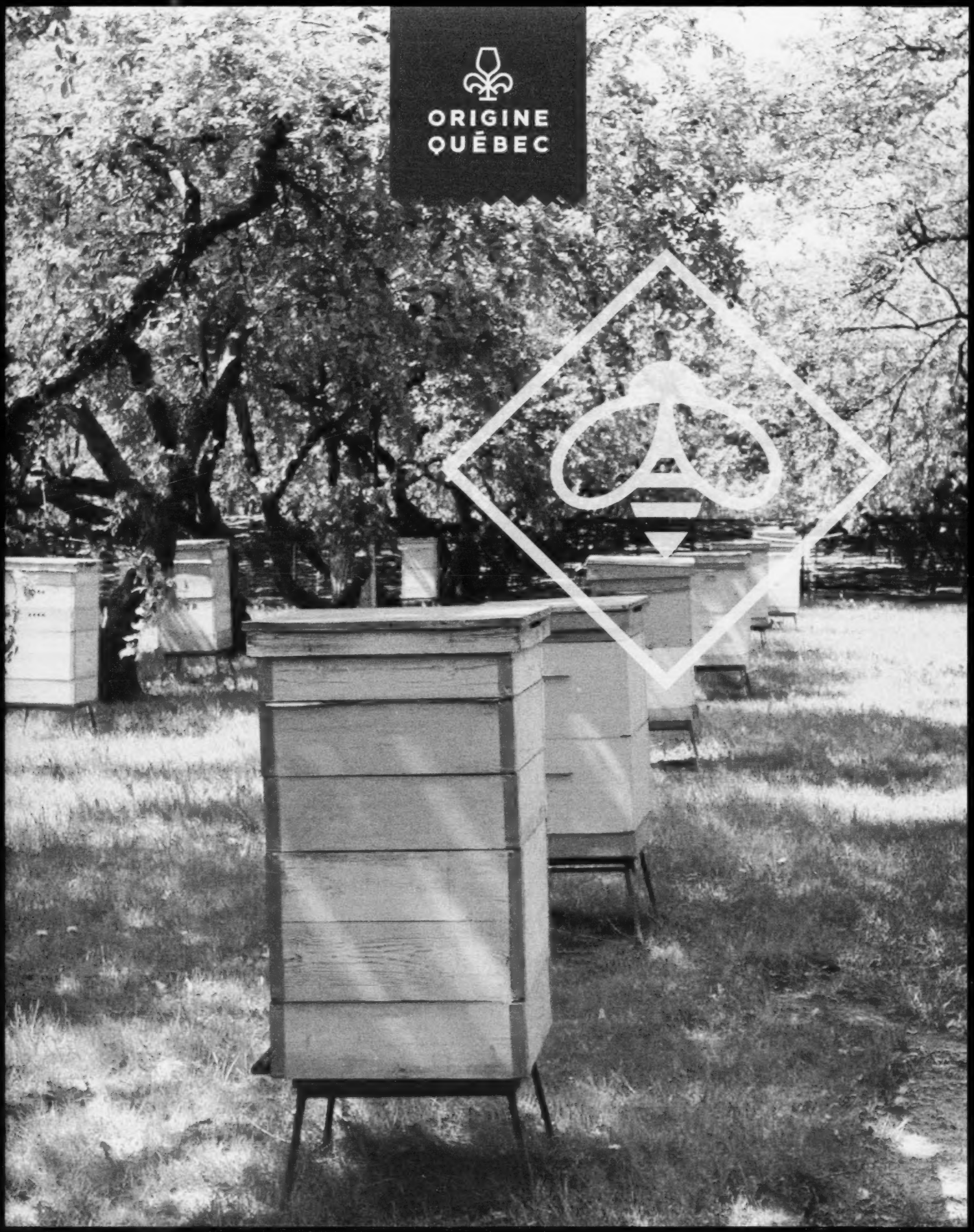
Regardless of whether it's red or white, Quebecers especially enjoy fruity wines. No less than 24.8% of the tagged wines sold in the SAQ networks sported the Fruity and Medium-bodied Taste Tag, while 13.1% were in the Fruity and Light category. The top three positions remain unchanged since last year, showing that SAQ customers remain loyal to their Taste Tags.

Litre Sales by Taste Tag
(stores and specialized centres)

	2015
Red wines	
Fruity and Medium-bodied	**24.8%**
Aromatic and Supple	**18.6%**
Aromatic and Robust	**12.6%**
Fruity and Vibrant	**11.2%**
White wines	
Fruity and Light	**13.1%**
Fruity and Sweet*	**7.2%**
Delicate and Light	**7.0%**
Aromatic and Mellow	**5.5%**

*dessert wine

ORIGINE
QUÉBEC


ORIGINE
QUÉBEC

PLUS ÇA CHANGE...

In Quebec, when people say wine they're usually thinking France or Italy. And, in fact, these two major producers alone account for 53% of all the wine sold at the SAQ. However, even if these two industry leaders continue to occupy the top spots when it comes to the volume of still wines consumed, it was the wines of Australia and South Africa that chalked up the strongest growth in volume sales, with increases of 16.4% and 12.1% respectively.

Still Wines by Country of Origin
(volume sales)
(stores and specialized centres)

	Market share	Change in volume
	2015	2015 vs 2014
France	**30%**	0.5 %
Italy	**23%**	(1.8)%
United States	**15%**	5.6 %
Spain	**8%**	2.5 %
Australia	**6%**	16.4 %
Argentina	**4%**	(5.8)%
Portugal	**4%**	5.2 %
Chile	**3%**	(1.0)%
South Africa	**2%**	12.1 %
New Zealand	**2%**	8.1 %
Other	**3%**	7.9 %

RUM, WHISKY AND GIN GAIN IN POPULARITY

With respective increases of 2.2%, 3.6% and 4.5%, rum, whisky and gin by themselves claim 45% of Quebecers' bar space.

Having assigned Taste Tags to fine spirits, the SAQ is now able to precisely identify Quebecers' preferences in whisky, brandy, cognac, Armagnac and Calvados. The Medium-bodied and Fruity tag is found on 45.5% of the fine spirits sold in stores.

These well-balanced spirits have a body between heavy and light. Characterized by notes of fruits like pear, apple, citrus and peach and complemented by spicy notes, they are refined and delicate. Accounting for 26% of sales, brandy is the most popular product in this Taste Tag category.

Sales by Type of Spirits
(in millions of litres)
(stores and specialized centres)

				Market share	
	2015	2014	Change	2015	2014
Vodka	**5.0**	5.0	– %	**22.6%**	23.0%
Liqueur	**4.8**	4.8	– %	**21.7%**	22.1%
Rum	**4.6**	4.5	2.2 %	**20.8%**	20.6%
Whisky	**2.9**	2.8	3.6 %	**13.1%**	12.8%
Gin	**2.3**	2.2	4.5 %	**10.4%**	10.1%
Brandy	**1.6**	1.7	(5.9)%	**7.3%**	7.8%
Neutral alcohol	**0.4**	0.4	– %	**1.8%**	1.8%
Other spirits	**0.5**	0.4	25.0 %	**2.3%**	1.8%
Total	**22.1**	21.8	1.4 %	**100.0%**	100.0%

ORIGINE QUÉBEC PRODUCTS: COMING ON STRONG!

Despite the harsh winters, Quebec artisans make the most of local terroirs. They have developed quality products that please the palates of more and more consumers in Quebec and around the globe. That is one of the reasons why fiscal 2014-2015 was an exceptional year for the Quebec beverage alcohol industry. In the space of 12 months, the volume sales of these products grew an impressive 21.6%.

In all, 474 Quebec artisanal products were found on the shelves of SAQ stores, 35% of which were wines and more than 6% were spirits.

Sales by Origine Québec product
(in millions of litres)
(stores and specialized centres)

	2015	2014	Change
Wine	**335.2**	185.6	80.6%
Cider	**376.6**	365.0	3.2%
Berry products, maple products, honey wine	**58.4**	58.8	(0.7)%
	770.2	609.4	26.4%
Spirits	**512.9**	446.0	15.0%
Total	**1,283.1**	1,055.4	21.6%

PARTNER IN CELEBRATIONS

Lending itself to the preparation and holding of meals involving friends and family, the home remains Quebecers' preferred locale for consuming wine and spirits. Consumer purchases accounted for 81.2% of sales in SAQ stores, while bars, restaurants and hotels claimed 12.6%.

The 6.2% share garnered by agencies and other customers corresponds to sales made to SAQ agency stores, duty-free boutiques, airlines, chandlers and diplomatic missions.

Litre Sales by Type of Customer
(stores and specialized centres)

	2015	2014
Consumers	**81.2%**	81.0%
Permit holders	**12.6%**	13.0%
Agency stores and other customers	**6.2%**	6.0%

Finance

The SAQ is a government corporation mandated to sell beverage alcohol, a mandate that involves importing, warehousing, distributing, marketing and retailing a wide variety of quality beverage alcohol products. The Accountability Report section presents the SAQ's financial performance.

Financial Results

Fiscal years ended the last Saturday in March
(in millions of Canadian dollars)

	2015		2014		2013[1]		2012[2]	
	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast
Sales	**3,006.3**	2,995.6	2,934.9	3,023.1	2,907.0	2,900.8	2,837.1	2,784.6
Gross margin	**1,600.3**	1,583.5	1,554.5	1,612.6	1,552.8	1,541.5	1,509.3	1,478.6
Net expenses[3]	**566.6**	572.9	551.5	555.3	522.0	536.5	509.6	532.7
Profit[4]	**1,033.7**	1,020.7	1,003.0	1,057.3	1,030.8	1,005.0	999.7	945.9
Comprehensive income[4]	**1,032.7**	1,020.7	1,002.0	1,057.3	1,030.3	1,005.0	999.7	945.9

1. The fiscal 2013 results have been restated to retroactively apply the changes of the IAS 19 standard regarding employee benefits in accordance with the transition provisions. These changes had an impact of nearly $0.4 million on the net earnings and of more than $0.1 million on the consolidated statement of comprehensive income for fiscal 2013.
2. 53-week fiscal year.
3. Net expenses consist of selling, marketing, distribution and administrative expenses, from which advertising, promotional and miscellaneous revenues are deducted. They also include financial expenses net of financial income, the write-down of an interest in a joint venture and the share in profit or loss of equity-accounted interests.
4. The forecast profit and comprehensive income for fiscal 2015 correspond to an initial budget of $1.011 billion, to which was added an amount of $10 million corresponding to the additional effort requested in the June 2014 provincial budget.

Investments in property, plant and equipment and intangible assets

Fiscal years ended the last Saturday in March
(in thousands of Canadian dollars)

	2015	2014	2013	2012[1]
	Actual	Actual	Actual	Actual
Capital projects – distribution and administrative centres	**3,249.0**	6,825.9	11,234.7	6,283.4
Outlet network development	**5,106.3**	7,412.8	10,287.5	10,693.8
Information systems development	**11,916.4**	16,283.9	15,716.7	13,927.9
Rolling stock and mobile equipment	**3,407.9**	2,862.1	3,773.6	2,172.1
Specific equipment	**293.8**	146.4	461.2	847.1
Total	**23,973.4**	33,531.1	41,473.7	33,924.3

1. 53-week fiscal year.

Commercial Data

The following four tables show certain performance indicators over a five-year period.

Sales growth by volume
(in thousands of litres)

	2012[1] Actual	2013 Actual	2014 Actual	**2015 Actual**	2016 Forecast
Change (%)	4.7	1.2	(0.9)	**1.7**	1.5

Growth in average in-store purchase[2]
(in dollars)

	2012[1] Actual	2013 Actual	2014 Actual	**2015 Actual**	2016 Forecast
Change (%)	3.2	3.8	5.2	**3.1**	2.7

Growth in customer traffic in stores[3]
(in thousands of transactions)

	2012[1] Actual	2013 Actual	2014 Actual	**2015 Actual**	2016 Forecast
Change (%)	4.6	0.9	(2.0)	**0.3**	1.0

Growth in average sales price per litre in stores[3,4]
(in dollars)

	2012[1] Actual	2013 Actual	2014 Actual	**2015 Actual**	2016 Forecast
Change (%)	2.5	1.6	3.4	**1.7**	1.3

1. 53-week fiscal year.
2. Average expenditure by consumers (including sales taxes).
3. Consumers.
4. Excluding sales taxes.

This financial report reviews the operations of the Société des alcools du Québec (SAQ) for the fiscal year ended March 28, 2015, and its financial position at that date. It should be read in conjunction with the consolidated financial states and notes thereto, which will be found in the French-language version of the 2015 annual report. The information contained in this analysis includes all significant events that have occurred up to June 4, 2015.

Overview of results

The SAQ reached an historic high by declaring a profit of $1.034 billion in its fiscal year ended March 28, 2015, a notable $30.7 million or 3.1% increase from the preceding fiscal year. The company also passed the $3 billion mark in sales. Government revenues from operations (in the form of federal duties, consumer taxes and dividends) increased $72.5 million to stand at $2.028 billion. At fiscal year-end, the SAQ declared to its sole shareholder, the Quebec Minister of Finance, a dividend of nearly $1.034 billion.

Sales

The SAQ's sales from all its sales and distribution networks totalled $3.006 billion, up $71.4 million or 2.4%. The corresponding volume sales for all product categories increased 3.3 million litres or 1.7% to reach 192.7 million litres in fiscal 2014-2015.

By sales network

The store and specialized centre network reported sales of $2.684 billion, an increase of $61.9 million or 2.4%. Volume sales for the network totalled 152.2 million litres compared with 150.4 million litres in fiscal 2013-2014, a 1.2% increase. Well-executed retail strategies and a diversified offering of products accompanied by a promotional program in line with customers' expectations largely explain these results.

In fiscal 2014-2015, the average value of consumers' in-store shopping cart was $47.63 as opposed to $46.19 in fiscal 2013-2014. The average per-litre sales price in the SAQ network rose to $19.64 versus $19.32 for the preceding fiscal year. The August 2014 hike in the specific tax on beverage alcohol products for domestic consumption combined with customers' interest in more upmarket products explain much of this rise.

Sales in the wholesale grocer network rose $9.5 million or 3% to $322.5 million. Volume sales in this network increased 1.5 million litres or 3.8% to 40.5 million litres. Dynamic merchandising combined with a refreshed product offering at certain retailers explain part of the sales increase in this network during the fiscal year.

Over the last five fiscal years, sales in the store and specialized centre network have had average annual growth of 3.5% versus 2.2% for the wholesale-grocer network. In terms of volume sales, this growth amounted to 2.1% for the store and specialized centre network and 2% for the wholesale grocer network.

By product category

Wine category sales rose $50.7 million or 2.3% to $2.264 billion in fiscal 2014-2015. Volume sales in this category grew by 3.7 million litres or 2.4% to stand at 160.2 million litres at fiscal year-end. Ever popular with Quebecers, wines accounted for more than 70% of the SAQ's sales growth in fiscal 2014-2015. More specifically, wine sales in the store and specialized centre network increased $39.6 million or 2.1% from the preceding fiscal year. Volume sales in this network totalled 120.8 million litres, a 1.6% increase.

Sales of spirits, which are sold exclusively in the store and specialized centre network, rose a notable $25.3 million or 4% to $664.3 million. Volume sales for this category reached 22.1 million litres, an increase of 0.3 million litres or 1.4%. This growth is attributable to the more dynamic positioning of spirits in the store environment, a greater variety of products inspired by the latest trends and initiatives that encourage customers to explore and discover.

Lastly, sales for the imported and microbrewery beer, cider and cooler category fell $4.6 million or 5.6% to $77.7 million. The corresponding volume sales were 10.4 million litres compared with 11.1 million litres in the preceding fiscal year, a decrease of 0.7 million litres or 6.3%.

Cost of sales and gross margin

Cost of sales consists primarily of acquisition costs, the freight costs incurred to ship goods to the SAQ's distribution centres and various points of sale and the related customs duties and excise taxes. In fiscal 2014-2015, the cost of sales stood at $1.406 billion compared with $1.380 billion in the preceding fiscal year. The resulting gross margin totalled $1.600 billion versus $1.555 billion in fiscal 2014-2015, an increase of $45.8 million or 2.9%. As a percentage of sales, the gross margin was 53.2% in fiscal 2014-2015 compared with 53% in the preceding fiscal year.

Net expenses

Net expenses consist of selling, marketing, distribution and administrative expenses, from which advertising, promotional and miscellaneous revenues are deducted. They also include financial expenses net of financial income, the write-down of an interest in a joint venture and the share in profit or loss of equity-accounted interests. In fiscal 2014-2015, net expenses totalled $566.6 million compared with $551.5 million in the preceding year, an increase of $15.1 million or 2.7%.

Employee compensation, which is the SAQ's largest net expense category, totalled $389.5 million as opposed to $369.1 million in fiscal 2013-2014, a 5.5% increase. This change can be attributed to cost increases in the employee pension plan, in the occupational health and safety plan and in the sick leave credits expense due to an experience loss. Employee compensation accounts for 68.7% of the organization's net expenses.

Building occupancy expenses, including the related amortization, constitute the second largest net expense category. In fiscal 2014-2015, these rose from $93.6 million to $94.6 million, an increase of $1 million or 1.1%. Initiatives aimed at optimizing the use of retail, administrative and distribution spaces and implemented in recent years have allowed these cost increases to be kept under control.

Equipment usage fees and the cost of supplies increased $3.2 million to $45.7 million. Higher amortization expenses related to equipment and intangible assets account for this increase.

Other expenses totalled $29.1 million compared with $38.8 million in fiscal 2013-2014, a $9.7 million decrease. This change is due mainly to higher commercial revenues and to the decrease in the amount recognized as a loss in value in the TWIST, LP joint venture.

Expressed as a percentage of sales, net expenses were similar to those in fiscal 2013-2014, namely 18.8%. This stability reflects the sound management efforts made in the last several years.

Profit and comprehensive income

For its fiscal year ended on March 28, 2015, the SAQ reported a profit of $1.034 billion, a $30.7 million or 3.1% increase from the preceding fiscal year. Expressed as a percentage of sales, profit was 34.4% versus 34.2% in fiscal 2013-2014.

Comprehensive income increased $30.7 million to end the fiscal year at $1.033 billion.

Government revenues

As a government corporation, the SAQ pays substantial amounts to both levels of government in the form of consumer taxes, federal taxes and duties and its operating profit. In fiscal 2014-2015, government revenues from operations reached a record high of $2.028 billion compared with $1.956 in fiscal 2013-2014, an increase of $72.5 million or 3.7%.

The amounts paid to the Quebec Treasury rose by $60.5 million or 3.9% to total $1.630 billion. This change stems from a dividend that was $30.7 million larger than in the preceding fiscal year, from the higher amount of consumer taxes collected due to the increase in sales and from the harmonization, on August 1, 2014, of the specific tax collected on the sale of beverage alcohol in Quebec. The amounts remitted to the government of Canada totalled $398.2 million in fiscal 2014-2015, a $12 million increase. This change stems from the higher amount of the federal sales tax collected due to increased sales as well as from higher excise tax and customs duty payments, which reflect the increase in procurement and distribution volumes.

In the last five fiscal years, the SAQ's business activities have generated government revenues of nearly $9.502 billion, $7.581 billion of which was remitted to the Quebec government.

Government revenues from operations
(in millions of dollars)

	2015	2014
Government of Quebec		
Declared dividend	**1,033.7**	1,003.0
Provincial sales tax	**340.2**	332.1
Specific tax	**222.3**	187.2
Specific permit holder tax	**34.0**	47.4
	1,630.2	1,569.7
Government of Canada		
Excise taxes and customs duties	**227.6**	219.6
Goods and services tax	**170.6**	166.6
	398.2	386.2
Total	**2,028.4**	1,955.9

Interests in joint ventures

The SAQ holds a 50% interest in Société d'investissement M.-S., LP. This Quebec-incorporated company is a business-to-business cybermarket that provides an integrated solution for purchasing and selling wine.

The SAQ also holds, through its subsidiary 9268-2707 Québec inc., a 50% share in the joint venture TWIST, LP.

On September 19, 2014, TWIST Holding Company, a subsidiary of TWIST, LP, which in turn is held by the SAQ subsidiary, signed an agreement to divest itself of all its interests in its wholly owned companies, including, most notably, in JJ Buckley LLC. To meet the acquirer's minimum conditions, the SAQ assumed, on behalf of its subsidiary, various charges on the order of $3.8 million, which are considered a capital contribution in a joint venture. These charges are also recognized separately in the consolidated statement of comprehensive income as a write-down of its interest in a joint venture.

The value of the interest in this joint venture was evaluated at the lower of its book value or fair value less the disposal costs, which were zero as at March 28, 2015, and March 29, 2014.

For its 2014-2015 fiscal year, the SAQ's share of the profit from its interests in its joint ventures was $0.2 million compared with a loss of $7 million in the preceding fiscal year. This change is due to the $7.3 million write-down recognized in the share of the TWIST, LP joint venture in the preceding fiscal year.

Investments

The SAQ's investments in capital assets totalled nearly $24 million in fiscal 2014-2015. The SAQ invested $8.4 million in the program to modernize its store network and distribution and administrative centres. In addition, $11.9 million was allotted to developing new information systems in order to provide, among other things, an improved shopping experience for its customers. Lastly, $3.7 million was invested in upgrading rolling stock, mobile equipment and specific equipment to support its distribution operations.

Financial position

As at March 28, 2015, the SAQ had total assets of $708 million compared with $733.8 million as at March 29, 2014, a decrease of $25.8 million. The value of inventories shown on the consolidated statement of financial position totalled $335.9 million versus $361.2 million at the end of the preceding fiscal year, a $25.3 million decrease. Improvements in inventory management explain the lower inventory. Deposits and prepaid expenses fell $11.2 million to $7.3 million at fiscal year-end. These decreases were partially offset by the $20.6 million increase in cash and cash equivalents and by the $3.8 million increase in accounts receivable and other receivables.

The overall value of property, plant and equipment and intangible assets decreased $13.2 million to stand at $246.5 million at fiscal year-end. As at March 28, 2015, the working capital ratio was 0.73 compared with 0.72 at the end of the preceding fiscal year.

At fiscal year-end, current liabilities stood at $630.6 million compared with $660.1 million as at March 29, 2014, a decrease of $29.5 million. This change is attributable to decreases of $105 million in borrowings and $10.6 million in provisions. These decreases were partially offset by increases of $15.5 million in accounts payable and other payables, $7.9 million in government taxes and duties payable and $62.7 million in the declared dividend. Long-term liabilities rose $4.8 million, standing at $36.1 million at fiscal year-end.

Due to the company's disciplined management, in particular the size of its internally generated funds, the improvements in its inventory turnover and the stability of its working capital, the SAQ's financial position remained solid throughout the fiscal year.

Cash flows

A $20.6 million increase in cash and cash equivalents was generated in fiscal 2014-2015 compared with a $13.2 million decrease in the statement of cash flows for fiscal 2013-2014.

For the fiscal year ended on March 28, 2015, the cash flows related to operating activities increased $64.8 million from the preceding fiscal year to stand at $1.126 billion. This increase stems mainly from the rise in net earnings on the order of $30.7 million and to the $4.2 million change in items not affecting cash. The increase is also due to the $28 million increase in the net change of non-cash working capital items, the $0.4 million decrease in the sick leave credits expense, the $1.6 million used to capitalize the defined pension benefit obligation and the $0.3 million for the net interest expense.

Investment activities totalled $29.6 million compared with $30.7 million in fiscal 2013-2014, a $1.1 million decrease in outflows. This difference is essentially due to a $4.6 million reduction in acquisitions of property, plant and equipment and intangible assets and a $0.4 million increase in the proceeds from the disposal of property, plant and equipment and intangible assets. These changes were partially offset by a $3.8 million increase in the capital contribution in a joint venture.

Financing activities used $1.076 billion in cash in fiscal 2014-2015 compared with $1.044 billion in the preceding fiscal year. This $32.1 million change is explained by the larger $119.5 million repayment on borrowings and the $87.4 million reduction in the dividend distributed to the shareholder.

As at March 28, 2015, the SAQ's consolidated statement of cash flows showed a cash balance of $60.3 million compared with $39.7 million at the end of the preceding fiscal year.

Financing of operations

The SAQ manages the financing of its operations within certain limits set by the government of Quebec and its Board of Directors. As dividend advances are periodically paid to its shareholder, the Quebec Ministry of Finance, the SAQ relies on external sources to finance its operations. In this regard, the company is authorized to take out short-term loans up to a maximum amount outstanding of $400 million.

In fiscal 2014-2015, average net borrowings stood at $57.2 million versus $114 million in the preceding fiscal year. At fiscal year-end, the consolidated statement of financial position included among its cash items a $25.5 million term investment and no borrowings, in contrast to the consolidated statement of financial position dated March 29, 2014, which showed borrowings of $105 million.

The SAQ's financing activities on the money market resulted in net financial charges of $0.6 million compared with $0.9 million in fiscal 2013-2014. A reduction in the average net borrowings on the order of $56.8 million as well as a 1 basis point decrease in the average interest rate paid on borrowings in fiscal 2014-2015 account for this difference.

The SAQ also incurs net interest related to the assets and liabilities arising from employee benefit plans. This totaled $1.2 million in fiscal 2014-2015 compared with $1 million in the preceding fiscal year.

Future standards, amendments and interpretations

On the date that publication of these consolidated financial statements was authorized, new standards, amendments and interpretations of existing standards had been published but were not yet in force. The SAQ did not early-adopt them but plans to adopt them as they come into force.

Notes 4 and 5 to the consolidated financial statements provide information on the new standards, amendments and interpretations that are likely to be relevant to the SAQ's consolidated financial statements. Other new standards and interpretations have been published but do not apply to the SAQ or will not have a significant impact on its consolidated financial statements.

Disclosure controls and procedures

Under the supervision of the President and Chief Executive Officer and of the Vice-President and Chief Financial Officer, the SAQ's disclosure controls and procedures (DC&P) are designed to provide reasonable assurance that significant information about the SAQ is communicated to management in a timely manner.

An evaluation of the design and effectiveness of the DC&P was performed as of March 28, 2015, under the supervision and with the participation of management. Based on this evaluation, the President and Chief Executive Officer and the Vice-President and Chief Financial Officer concluded that the DC&P were adequately designed and operating effectively.

Internal control over financial reporting

The SAQ's internal control over financial reporting is designed to provide reasonable assurance that the financial information is reliable and that the consolidated financial statements were prepared, for financial reporting purposes, in accordance with International Financial Reporting Standards (IFRS).

The SAQ's management, including the President and Chief Executive Officer and the Vice-President and Chief Financial Officer, have evaluated the effectiveness of the internal controls over financial reporting (ICFR) using the framework and criteria set out in the *Internal Control – Integrated Framework* document issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. Based on this evaluation, management concluded that, as at March 28, 2015, the ICFR are adequately designed and effective to provide reasonable assurance as to the reliability of the financial information and the presentation of the SAQ's consolidated financial statements in accordance with IFRS.

Risks and uncertainties

In the normal course of its business operations, the SAQ is exposed to various risks that could have an adverse impact on its profit, financial position or cash flows. The SAQ has implemented risk management governance throughout the organization to detect and rank risks so as to be able to put in place measures to minimize their impact.

Integrated into the SAQ's day-to-day operations, risk management is a continuous, dynamic process designed to increase the organization's effectiveness and flexibility with respect to the many challenges related to its business environment.

In addition to the financial risks described in Note 25 to the consolidated financial statements, the SAQ is exposed to business risks, the most significant of which are described below.

Economy, market and performance

Beverage alcohol sales are dependent on, among other things, the strength of the Quebec economy and the disposable income of consumers. An extended economic slowdown in Quebec could have an adverse impact on the sale of products offered by the SAQ and, consequently, on its performance. The SAQ must also contend with demographic factors related to the market it serves. Due to the aging population, the growth in beverage alcohol sales could slow in coming years in Quebec. Moreover, the retail sector is constantly changing and consumers are increasingly targeted by a wide range of offers of products and services.

To ensure its growth, the SAQ is always looking for innovations that will help it optimize its ways of doing business and maintain its operational efficiency. It constantly studies consumer shopping habits and trends in order to adapt its business strategies and provide an integrated shopping experience in line with customers' needs.

Product quality control

With a constantly refreshed catalogue of more than 12,500 products from 3,100 suppliers around the globe, the SAQ must ensure that an irreproachable level of quality is maintained in the products it sells. This is done through its ISO 17025-certified laboratory and ISO 9001 quality management. Several measures have also been implemented to ensure compliance with Health Canada regulations.

Information technology

As part of its operations, the SAQ has warehouses and a large network of stores and specialized centres that rely on a vast information technology infrastructure. The continuity of the company's operations could be interrupted in the event its information systems were unavailable for an extended period of time. In addition, the company is aware of the risks related to the security of its information systems.

The SAQ has implemented robust controls and contingency plans to maintain the continuity of its operations and is constantly evaluating its protective measures to ensure the security and integrity of its data.

Social responsibility

Society's expectations of the SAQ are high regarding its environmental, social and economic responsibilities. Failing to meet its obligations could expose the company to criticism, reprimands, claims and even lawsuits.

Social responsibility is one of the SAQ's key concerns, as can be seen in its 2016-2018 Strategic Plan, which integrates its vision and commitment to sustainable development, in particular its efforts to develop new uses for and adding value to recovered glass.

The SAQ also plays an active role in community life by contributing to the economic and social well-being of Quebec society, be it through its Donation and Sponsorship Program, its Generous Wines campaign for the benefit of Food Banks of Quebec or its contribution—as well as that of its employees—to the Entraide fundraising campaign.

Lastly, the SAQ faces various claims and lawsuits. In management's opinion, any settlement that might arise from these claims would not have a significant impact on the SAQ's financial position. Should the company be required to pay any amount as a result of these lawsuits, the amount would be expensed in the period in which it became payable.

Outlook

The next fiscal year will be marked by the deployment of the SAQ's 2016-2018 Strategic Plan, supported by its new vision of being *Branché sur le monde* (connected to the world). More than ever, the SAQ wants to be closer to its customers in order to know them better and better meet their increasingly diverse expectations.

In the coming year, to maintain its growth in a constantly changing business sector, the SAQ will offer a completely new shopping experience to its customers with the launch of SAQ Inspire. This new experience will make it possible to better understand customers' individual tastes and preferences in order to interact with them and provide even more personalized advice. Also, determined to be part of Quebecers' daily lives, the SAQ will move forward with its retail strategies by increasing its contact points with customers, the goal being to deliver a new and exceptional shopping experience through the Web, social media and mobile devices as well as in its store network, which will be expanded with the opening of three new SAQ Dépôt stores.

The SAQ will continue promoting and raising the profile of Origine Québec products while taking into account the production capacity of local winemakers. It will also introduce these products in 80 new stores, bringing to 260 the number of points of sale with Origine Québec sections.

Although the economic growth forecasts for the coming year remain modest, management is confident that its retail initiatives aimed at offering an integrated customer experience across all its sales channels combined with its commitment to maintain its performance through sound management will lead to an increase in sales and profit in fiscal 2015-2016.

Sales by network
(in millions of Canadian dollars)

	2011	2012[1]	2013	2014	2015
Stores and specialized centres	2,362.5	2,524.4	2,585.2	2,621.9	**2,683.8**
Wholesale grocers	295.3	312.7	321.8	313.0	**322.5**
Total	2,657.8	2,837.1	2,907.0	2,934.9	**3,006.3**

Sales by product category
(in millions of Canadian dollars)

	2011	2012[1]	2013	2014	2015
Wines	1,987.0	2,124.7	2,183.1	2,213.6	**2,264.3**
Spirits	581.8	621.8	633.8	639.0	**664.3**
Imported and microbrewery beers, ciders and coolers	89.0	90.6	90.1	82.3	**77.7**
Total	2,657.8	2,837.1	2,907.0	2,934.9	**3,006.3**

1. 53-week fiscal year.

Financial results
(in millions of Canadian dollars)

	2011	2012[1]	2013[2]	2014	2015
Sales	2,657.8	2,837.1	2,907.0	2,934.9	**3,006.3**
Cost of sales	1,240.7	1,327.8	1,354.2	1,380.4	**1,406.0**
Net expenses[3]	506.6	509.6	522.0	551.5	**566.6**
Profit	910.5	999.7	1,030.8	1,003.0	**1,033.7**
Comprehensive income	910.5	999.7	1,030.3	1,002.0	**1,032.7**

Government revenues from operations
(in millions of Canadian dollars)

	2011	2012[1]	2013	2014	2015
Declared dividend	914.7	999.7	1,030.4	1,003.0	**1,033.7**
Taxes and duties paid to governments	796.9	861.5	914.4	952.9	**994.7**
Total	1,711.6	1,861.2	1,944.8	1,955.9	**2,028.4**

Asset mix
(in millions of Canadian dollars)

	2011	2012[1]	2013[2]	2014	2015
Inventories	294.5	302.4	344.7	361.2	**335.9**
Property, plant and equipment and intangible assets	247.4	250.9	259.8	259.8	**246.5**
Other assets	109.2	147.1	155.1	112.8	**125.6**
Total	651.1	700.4	759.6	733.8	**708.0**

1. 53-week fiscal year.
2. The fiscal 2013 results have been restated to retroactively apply the changes to IAS 19 concerning employee benefits in accordance with the transition provisions. These changes had an impact of nearly $0.4 million on net earnings and of more than $0.1 million on the consolidated statement of comprehensive income for fiscal 2013. This also had an impact on other asset items for this fiscal year.
3. Net expenses consist of selling, marketing, distribution and administrative expenses, from which advertising, promotional and miscellaneous revenues are deducted. They also include financial expenses net of financial income, the write-down of an interest in a joint venture and the share in profit or loss of equity-accounted interests.

Breakdown of the Sales Price

Imported wine, 750 ml format
(in dollars and percentages)
March 28, 2015

Markup[1]	$7.50	44.3%
Supplier price, in Canadian dollars, including shipping	5.72	33.7
Provincial sales tax	1.47	8.7
Specific tax paid to the Government of Quebec	1.05	6.2
Federal goods and services tax	0.73	4.3
Excise taxes and customs duties paid to the Government of Canada	0.48	2.8
Retail price (per bottle)	$16.95	100.0%

1. The markup covers selling, merchandising, distribution and administrative expenses and generates profit.

Local spirits, 750 ml format
(in dollars and percentages)
March 28, 2015

Markup[1]	$11.91	51.1%
Supplier price, in Canadian dollars, including shipping	3.80	16.3
Excise taxes and customs duties paid to the Government of Canada	3.51	15.1
Provincial sales tax	2.02	8.7
Specific tax paid to the Government of Quebec	1.05	4.5
Federal goods and services tax	1.01	4.3
Retail price (per bottle)	$23.30	100.0%

1. The markup covers selling, merchandising, distribution and administrative expenses and generates profit.

Quarterly Results

Fiscal years ended March 28, 2015, and March 29, 2014
(unaudited figures)

	2015				
	Fiscal year	Q4	Q3	Q2	Q1
Number of weeks	52	12	16	12	12
FINANCIAL RESULTS (in millions of Canadian dollars)					
Sales	**3,006.3**	**574.8**	**1,060.0**	**678.6**	**692.9**
Gross margin	**1,600.3**	**310.1**	**562.0**	**362.2**	**366.0**
Net expenses[1]	**566.6**	**137.8**	**177.2**	**119.8**	**131.8**
Profit	**1,033.7**	**172.3**	**384.8**	**242.4**	**234.2**
Comprehensive income	**1,032.7**	**171.3**	**384.8**	**242.4**	**234.2**
Dividend paid	**971.0**	**305.0**	**255.0**	**171.0**	**240.0**
SALES BY NETWORK (in millions of Canadian dollars)					
Stores and specialized centres	**2,683.8**	**507.1**	**951.6**	**610.4**	**614.7**
Wholesale grocers	**322.5**	**67.7**	**108.4**	**68.2**	**78.2**
Total	**3,006.3**	**574.8**	**1,060.0**	**678.6**	**692.9**
VOLUME SALES BY NETWORK (in millions of litres)					
Stores and specialized centres	**152.2**	**28.6**	**51.5**	**36.4**	**35.7**
Wholesale grocers	**40.5**	**8.8**	**13.6**	**8.4**	**9.7**
Total	**192.7**	**37.4**	**65.1**	**44.8**	**45.4**
VOLUME SALES BY PRODUCT CATEGORY (in millions of litres)					
Wines	**160.2**	**31.9**	**54.5**	**36.2**	**37.6**
Spirits	**22.1**	**4.1**	**8.0**	**5.1**	**4.9**
Imported and microbrewery beers, ciders and coolers	**10.4**	**1.4**	**2.6**	**3.5**	**2.9**
Total	**192.7**	**37.4**	**65.1**	**44.8**	**45.4**

1. Net expenses consist of selling, marketing, distribution and administrative expenses, from which advertising, promotional and miscellaneous revenues are deducted. They also include financial expenses net of financial income, the write-down of an interest in a joint venture and the share in profit or loss of equity-accounted interests.

Quarterly Results

Fiscal years ended March 28, 2015, and March 29, 2014
(unaudited figures)

	2014				
Number of weeks	Fiscal year 52	Q4 12	Q3 16	Q2 12	Q1 12
FINANCIAL RESULTS (in millions of Canadian dollars)					
Sales	2,934.9	566.2	1,048.9	664.5	655.3
Gross margin	1,554.5	303.6	549.8	353.8	347.3
Net expenses[1]	551.5	140.8	169.2	115.5	126.0
Profit	1,003.0	162.8	380.6	238.3	221.3
Comprehensive income	1,002.0	161.8	380.6	238.3	221.3
Dividend paid	1,058.4	324.9	265.0	201.5	267.0
SALES BY NETWORK (in millions of Canadian dollars)					
Stores and specialized centres	2,621.9	499.7	941.7	600.8	579.7
Wholesale grocers	313.0	66.5	107.2	63.7	75.6
Total	2,934.9	566.2	1,048.9	664.5	655.3
VOLUME SALES BY NETWORK (in millions of litres)					
Stores and specialized centres	150.4	28.5	51.3	36.4	34.2
Wholesale grocers	39.0	8.4	13.1	7.9	9.6
Total	189.4	36.9	64.4	44.3	43.8
VOLUME SALES BY PRODUCT CATEGORY (in millions of litres)					
Wines	156.5	31.4	53.7	35.6	35.8
Spirits	21.8	4.0	8.0	5.0	4.8
Imported and microbrewery beers, ciders and coolers	11.1	1.5	2.7	3.7	3.2
Total	189.4	36.9	64.4	44.3	43.8

Ten-Year Historical Review

Fiscal years ended the last Saturday in March
(unaudited figures)

	2015[1]	2014[1]	2013[1,2]
FINANCIAL RESULTS (in millions of Canadian dollars)			
Sales[4]	**3,006.3**	2,934.9	2,907.0
Gross margin[4]	**1,600.3**	1,554.5	1,552.8
Next expenses[4,5]	**566.6**	551.5	522.0
Profit	**1,033.7**	1,003.0	1,030.8
Comprehensive income	**1,032.7**	1,002.0	1,030.3
FINANCIAL POSITION (in millions of Canadian dollars)			
Total assets	**708.0**	733.8	759.6
Property, plant and equipment and intangible assets	**246.5**	259.8	259.8
Net working capital	**(169.5)**	(186.9)	(191.6)
Long-term liabilities	**36.1**	31.3	32.1
Shareholder's equity	**41.4**	42.3	43.4
CASH FLOWS (in millions of Canadian dollars)			
Cash flows related to operating activities	**1,126.2**	1,061.4	1,075.7
Acquisitions of property, plant and equipment and intangible assets	**26.2**	30.7	41.1
Dividend paid	**971.0**	1,058.4	1,047.7

1. Due to the adoption of a new accounting standard on inventories in 2009, direct shipping costs are deducted from net expenses and charged to cost of sales. In 2015, direct shipping costs totalled $17.0 million compared with $15.9 million for the preceding fiscal year.
2. The fiscal 2013 results have been restated to retroactively apply the changes to IAS 19 concerning employee benefits in accordance with the transition provisions. These changes had an impact of nearly $0.4 million on net earnings and of more than $0.1 million on the consolidated statement of comprehensive income for fiscal 2013.
3. 53-week fiscal year.
4. Due to the adoption of a new presentation method in 2011, the Éduc'alcool Fund and Éco Entreprises Fund deductions are not included in net expenses. In 2015, these deductions totalled $13.8 million compared with $12.2 million for the preceding fiscal year.
5. Net expenses consist of selling, marketing, distribution and administrative expenses, from which advertising, promotional and miscellaneous revenues are deducted. They also include financial expenses net of financial income, the write-down of an interest in a joint venture and the share in profit or loss of equity-accounted interests.

The financial information for fiscal years 2011 to 2015 has been prepared in accordance with the International Financial Reporting Standards (IFRS). The figures presented for previous years were prepared in accordance with the Canadian generally accepted accounting principles (GAAP), which were in effect during those fiscal years.

Certain comparative figures have been reclassified to conform to the current year's presentation.

Ten-Year Historical Review

Fiscal years ended the last Saturday in March
(unaudited figures)

2012 [1,2]	2011 [1]	2010 [1]	2009 [1]	2008	2007 [3]	2006
2,837.1	2,657.8	2,549.1	2,424.5	2,300.3	2,180.0	2,019.4
1,509.3	1,417.1	1,350.9	1,282.6	1,245.5	1,187.0	1,120.0
509.6	506.6	483.7	475.9	484.6	479.0	463.1
999.7	910.5	867.2	806.7	760.9	708.0	656.9
999.7	910.5	867.2	N/A	N/A	N/A	N/A
700.4	651.1	627.8	590.3	592.5	573.0	658.8
250.9	247.4	225.8	209.6	214.4	240.2	272.4
(186.7)	(179.3)	(157.7)	(140.5)	(146.2)	(171.6)	(203.6)
29.4	32.4	23.2	24.3	25.1	24.4	46.4
44.9	44.9	44.8	44.8	43.1	44.2	35.6
947.3	959.6	915.0	834.6	816.5	769.0	679.5
35.3	43.1	43.3	26.6	21.1	19.0	24.9
962.7	926.2	817.0	802.0	742.0	674.0	598.0

Ten-Year Historical Review

Fiscal years ended the last Saturday in March
(unaudited figures)

	2015	2014	2013
SALES BY NETWORK[2]			
(in millions of Canadian dollars and in millions of litres)			
Stores and specialized centres	**2,683.8**	2,621.9	2,585.2
	152.2 L	150.4	150.8
Wholesale grocers	**322.5**	313.0	321.8
	40.5 L	39.0	40.4
Total	**3,006.3**	2,934.9	2,907.0
	192.7 L	189.4	191.2
SALES BY PRODUCT CATEGORY[2]			
(in millions of Canadian dollars and in millions of litres)			
Wines	**2,264.3**	2,213.6	2,183.1
	160.2 L	156.5	157.3
Spirits	**664.3**	639.0	633.8
	22.1 L	21.8	22.0
Imported and microbrewery	**77.7**	82.3	90.1
beers, ciders and coolers	**10.4 L**	11.1	11.9
Total	**3,006.3**	2,934.9	2,907.0
	192.7 L	189.4	191.2

1. 53-week fiscal year.
2. Due to the adoption of a new presentation method in 2011, the Éduc'alcool Fund and Éco Entreprises Québec Fund deductions are not included in net expenses. In 2015, these deductions totalled $13.8 million compared with $12.2 million for the preceding fiscal year.

The financial information for fiscal years 2011 to 2015 has been prepared in accordance with the International Financial Reporting Standards (IFRS). The figures presented for previous years were prepared in accordance with the Canadian generally accepted accounting principles (GAAP), which were in effect during those fiscal years.

Ten-Year Historical Review

Fiscal years ended the last Saturday in March
(unaudited figures)

2012[1]	2011	2010	2009	2008	2007[1]	2006
2,524.4	2,362.5	2,260.1	2,146.5	2,034.8	1,918.5	1,758.0
149.1	142.8	137.4	132.1	127.9	123.6	114.9
312.7	295.3	289.0	278.0	265.5	261.5	261.4
39.8	37.7	36.6	36.0	34.6	32.8	31.9
2,837.1	2,657.8	2,549.1	2,424.5	2,300.2	2,180.0	2,019.4
188.9	180.5	174.0	168.1	162.5	156.4	146.8
2,124.7	1,987.0	1,905.5	1,804.9	1,705.2	1,606.4	1,474.6
155.2	148.3	142.3	137.0	131.9	126.0	116.7
621.8	581.8	552.9	530.9	515.0	493.8	461.3
21.8	20.8	20.3	19.6	19.4	19.0	18.2
90.6	89.0	90.7	88.7	80.1	79.8	83.5
11.9	11.4	11.4	11.5	11.2	11.4	11.9
2,837.1	2,657.8	2,549.1	2,424.5	2,300.3	2,180.0	2,019.4
188.9	180.5	174.0	168.1	162.5	156.4	146.8

Ten-Year Historical Review

Fiscal years ended the last Saturday in March
(unaudited figures)

	2015[1]	2014[1]	2013[1,2]
NET EXPENSES[4,5] (in millions of Canadian dollars)			
Employee compensation[6]	**389.5**	369.1	358.4
Building occupancy expenses[7]	**94.6**	93.6	89.9
Equipment use and supply expenses[7]	**45.7**	42.5	40.6
Freight out and communications	**7.7**	7.5	7.4
Other expenses	**29.1**	38.8	25.7
Total	**566.6**	551.5	522.0
OPERATING RATIOS (as a percentage of sales)			
Gross margin[4]	**53.2%**	53.0%	53.4%
Profit	**34.4%**	34.2%	35.4%
Net expenses[4,5]	**18.8%**	18.8%	18.0%
OTHER INFORMATION (at fiscal year-end)			
Number of employees[8]	**5,499**	5,526	5,584
Number of stores	**402**	401	405
Number of agency stores	**439**	437	396
Number of products offered for sale[9]	**11,227**	10,660	10,467
SURFACE AREA OF BUSINESS PREMISES (in thousands of square feet)			
Stores	**1,921.0**	1,912.7	1,915.1
Distribution centres and warehouses	**1,467.1**	1,467.1	1,462.6

1. Due to the adoption of a new accounting standard on inventories in 2009, direct shipping costs are deducted from net expenses and charged to cost of sales. In 2015, direct shipping costs totalled $17.0 million compared with $15.9 million for the preceding fiscal year.
2. The fiscal 2013 results have been restated to retroactively apply the changes to IAS 19 concerning employee benefits in accordance with the transition provisions. These changes had an impact of nearly $0.4 million on net earnings and of more than $0.1 million on the consolidated statement of comprehensive income for fiscal 2013.
3. 53-week fiscal year
4. Due to the adoption of a new presentation method in 2011, the Éduc'alcool Fund and Éco Entreprises Fund deductions are not included in net expenses. In 2015, these deductions totalled $13.8 million compared with $12.2 million for the preceding fiscal year.
5. Net expenses consist of selling, marketing, distribution and administrative expenses, from which advertising, promotional and miscellaneous revenues are deducted. They also include financial expenses net of financial income, the write-down of an interest in a joint venture and the share in profit or loss of equity-accounted interests.
6. Employee compensation includes payroll, employee benefits, pension plan-related costs and other employee benefit-related charges.

   As part of the measures to improve public finances, the SAQ continued its efforts to control the growth of its expenses and, more specifically, to avoid increasing its payroll barring exceptional circumstances. The company made sure to comply with these government measures in fiscal 2015.
7. Including amortization expenses.
8. The number of employees is determined on a full-time equivalent basis.
9. Number of active SKUs as at March 28, 2015.

The financial information for fiscal years 2011 to 2015 has been prepared in accordance with the International Financial Reporting Standards (IFRS). The figures presented for previous years were prepared in accordance with the Canadian generally accepted accounting principles (GAAP), which were in effect during those fiscal years.

Ten-Year Historical Review

Fiscal years ended the last Saturday in March
(unaudited figures)

2012 [1,3]	2011 [1]	2010 [1]	2009 [1]	2008	2007 [3]	2006
344.3	341.9	332.5	319.2	316.9	308.4	280.0
89.0	83.4	79.6	76.9	73.6	72.5	71.2
39.6	41.1	37.1	43.9	59.8	57.8	57.9
8.3	8.8	8.3	8.8	11.4	12.2	13.3
28.4	31.4	26.2	27.1	22.9	28.1	40.7
509.6	506.6	483.7	475.9	484.6	479.0	463.1
53.2%	53.3%	53.0%	52.9%	54.1%	54.4%	55.5%
35.2%	34.3%	34.0%	33.3%	33.1%	32.5%	32.5%
18.0%	19.0%	19.0%	19.6%	21.0%	21.9%	23.0%
5,489	5,369	5,265	5,260	5,337	5,264	5,235
408	414	416	414	414	414	408
398	396	395	398	397	395	400
10,088	9,580	8,833	8,611	8,231	7,532	7,243
1,880.6	1,827.2	1,822.1	1,759.0	1,703.8	1,687.1	1,660.9
1,461.7	1,458.7	1,349.7	1,215.4	1,215.4	1,166.9	1,166.9

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